

Goldray Mines Limited

Annual Report

For the Year Ended April 30, 1969

GOLDRAY MINES LIMITED

Directors' Report

TO THE SHAREHOLDERS:

Enclosed herewith you will find Notice of Annual Meeting which is to be held in the Algonquin Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario on Wednesday, September 17, 1969 at 10.30 a.m. The Financial Statements for the year ended April 30, 1969 are enclosed with an Information Circular and a form of Instrument of Proxy.

COLUMBIUM DEPOSIT AND EXPLORATION — JAMES BAY LOWLANDS

The pilot plant testing of the 250 ton bulk sample has been completed and samples of the concentrates have been shipped to potential consumers. The metallurgical results can be considered excellent when compared with other known pyrochlore deposits. The feasibility report is in its final preparation and market studies are being completed which will represent the basis for a production decision.

Some drilling and prospecting during the year was completed on the original land areas with no significant results. A new permit has been obtained in an area where a number of anomalies have been indicated as a result of an airborne electromagnetic survey recently flown. Work is currently in progress to evaluate a number of these targets. The Participants in the above ventures are Imperial Oil Enterprises Limited, Consolidated Morrison Explorations Limited, Argor Explorations Limited and Goldray Mines Limited.

NORTHERN SASKATCHEWAN AND MANITOBA

The venture with Denison Mines Limited, Roman Corporation Limited, Atlantic Richfield, International Mining and your Company (Project SAM) is continuing in the second phase. A radiometric survey has been flown in Manitoba and a number of anomalies indicated are now being evaluated on the ground. A limited amount of diamond drilling for base metal targets in Saskatchewan has been temporarily suspended while a further detailed airborne radiometric survey is being conducted over the Saskatchewan permits. Drilling of a number of untested base metal targets and radiometric anomalies of merit should resume after freeze-up.

An agreement has been reached with Philips Petroleum, similar to the arrangements made with Atlantic Richfield and International Mining, on the Pinehouse Project, on the southern extension of the Wollaston structure. The initiating participants in this project were Denison Mines Limited, Black Hawk Mining Limited, Roman Corporation and Goldray Mines Limited.

Airborne electromagnetic, magnetic and radiometric surveys, subsequently flown, have indicated a substantial number of anomalies. Ground follow-up by geophysics and

prospecting is establishing a number of potential base metal and uranium targets. A drilling program is being planned for the second phase.

An airborne electromagnetic survey has been completed over two of the permits held jointly by Roman Corporation, Vespar Mines Limited, Canadian Nisto Mines Limited and your Company (Project Virgin River). No results are available as yet. An airborne radiometric survey is planned for all three permits as soon as arrangements can be completed. Ground follow-up is planned dependent upon the results of the surveys.

BLIND RIVER AREA — ONTARIO

Your Company and Morrison Nuclear have entered into an arrangement whereby Morrison will provide the first \$75,000.00 to drill a hole to basement on the Company's claims and will earn a 50% interest in the property. The property consists of 62 claims and the hole is currently drilling below 3000'. The favourable horizon is expected to be reached below 4000'.

EASTMAIN RIVER AREA — QUEBEC

Your Company along with Roman Corporation and Canadian Nisto Mines Limited have staked 1360 claims in the Eastmain River area in Quebec as a result of an airborne electromagnetic survey. A substantial number of anomalies have been indicated and a work program is being considered for the near future. The properties are on the same belt directly west of the area where copper showings recently discovered, are being explored by three major mining companies.

Ground work and prospecting is currently being conducted on three optioned groups comprising 65 claims held jointly with Canadian Nisto Mines Limited in the vicinity of the original copper showings.

NORTHWEST TERRITORIES — PADLEI TREND

Goldray Mines along with Roman Corporation and Lakehead Mines Limited have acquired a prospecting permit containing 186,970 acres in the Sealhole Lake area in the Northwest Territories. This area is considered to be the northeast extension of the Wollaston trend. A farmout is being arranged for, and the initial exploration program is to commence shortly.

HEARST AREA — RIDGE LAKE — ONTARIO

Overburden depth determinations were completed on this property and a drill test has been deferred for the time being.

Your Company will continue its policy to examine and undertake exploration ventures of merit on its own account and in association with other companies.

On behalf of the Board of Directors,

MURRAY AXMITH,

President.

August 26, 1969.

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Balance Sheet as

(With comparative fig

ASSETS

CURRENT ASSETS	1969	1968
Cash	\$ 7,536.30	\$ 2,164.94
Deposit receipts and short-term notes	410,000.00	75,000.00
Sundry receivable	5,553.34	14,735.58
Bonds lodged with provinces (Face Value — 1969 — \$127,000.00; 1968 — \$100,000.00)	124,561.19	97,672.12
	<u>\$ 547,650.83</u>	<u>\$ 189,572.64</u>
INVESTMENT IN OTHER COMPANIES		
Listed shares at cost (Market Value — 1969 — \$157,040.00; 1968 — \$93,265.00)	\$ 122,864.63	\$ 95,703.11
Unlisted shares — nominal value	1.00	27,159.31
Investment in shares of other mining companies at cost (no quoted market value)	4,995.00	4,995.00
Investment in shares of Interprovincial Helicopters Limited	20,000.00	—
	<u>\$ 147,860.63</u>	<u>\$ 127,857.42</u>
INTEREST IN PROSPECTING SYNDICATE	\$ 793.81	\$ 8,293.81
HEAD OFFICE FURNITURE AND FIXTURES — at cost	\$ 1,642.50	\$ 1,642.50
MINING PROPERTIES		
Acquired for \$38,522.69 cash (1968 — \$13,776.00) and 626,623 shares of capital stock	\$ 497,046.49	\$ 472,299.80
EXPLORATION AND DEVELOPMENT, INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES		
BALANCE — May 1	\$ 726,380.14	\$ 639,660.17
ADD: Expenditures for year ended April 30	72,538.51	86,719.97
BALANCE — April 30	<u>\$ 798,918.65</u>	<u>\$ 726,380.14</u>
INCORPORATION AND ORGANIZATION	\$ 3,784.88	\$ 3,784.88
	<u>\$ 1,997,697.79</u>	<u>\$ 1,529,831.19</u>

The accompanying Notes to Financial Statements form an integral part of these financial statements.
To be read in conjunction with the Auditors' Report to the Shareholders attached hereto dated June 11, 1969.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Goldray Mines Limited as at April 30, 1969 and the statements of deficit account, exploration and development, including head office and administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at April 30, 1969, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Toronto, Ontario,
June 11, 1969.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL,
Chartered Accountants.

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(Incorporated in the Province of Ontario)

April 30, 1969

(at April 30, 1968)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES	1969	1968
Accounts payable and accrued liabilities	\$ 20,668.41	\$ 17,052.03
Due to brokers	—	4,278.03
Due to shareholders re 1942 distribution on realization of capital assets	10,120.31	10,120.31
	<u>\$ 30,788.72</u>	<u>\$ 31,450.37</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 1)		
AUTHORIZED		
5,000,000 shares of \$1.00 par value each		
ISSUED AND FULLY PAID		
3,009,931 shares (2,828,931 in 1968)	\$ 3,009,931.00	\$ 2,828,931.00
LESS: Discount	901,203.58	1,221,573.58
	<u>\$ 2,108,727.42</u>	<u>\$ 1,607,357.42</u>
DEFICIT ACCOUNT (as per attached statement)	141,818.35	108,976.60
	<u>\$ 1,966,909.07</u>	<u>\$ 1,498,380.82</u>

Approved on behalf of the Board of Directors:

M. AXMITH, Director.

K. B. ANDRAS, Director.

<u>\$ 1,997,697.79</u>	<u>\$ 1,529,831.19</u>
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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1969

NOTE 1: 181,000 shares of the company's capital stock were issued during the year for a cash consideration of \$501,370.00.

- The company owns a 25% interest in Interprovincial Helicopters Limited and has given a guarantee to the bankers of that company with respect to 25% of \$155,000.00 line of credit extended to company by its bank.
- The company is participating in a number of exploration projects with other companies. It is estimated by company management that the company's share of recommended exploration costs for 1969 in connection with these projects would be approximately \$185,000.00. The amount recommended is in excess of the amount required to protect the various permits and mining claims in which the company participates.
- The company has acquired an option as to a 50% interest on 65 mining claims in the Eastmain River area, Mistassini Territory, New Quebec and has paid \$1,750.00 for option rights extending until September 1, 1969. In order to fully exercise the option on 30 of these mining claims the company must pay a further \$4,500.00 by September 15, 1970 and issue 200,000 shares of a new 3,000,000 share company to the vendor of these mining claims. In order to exercise the option on 35 of these mining claims the company must pay a further \$2,500.00 by April 1, 1970 and \$5,250.00 by April 1, 1971 and issue 400,000 shares (200,000 shares in two separate 5,000,000 share companies) to the vendors of these mining claims.

GOLDRAY MINES LIMITED

STATEMENT OF DEFICIT ACCOUNT

FOR THE YEAR ENDED APRIL 30, 1969

(With comparative figures for the year ended April 30, 1968)

	1969	1968
BALANCE AT DEBIT — May 1	\$108,976.60	\$ 99,395.28
ADD: Mining properties lapsed — written off	—	1,890.00
Loss on sale of investments	—	7,691.32
Investment in shares of Midray Minerals written down to nominal value	27,157.31	—
Interest in Prospecting Syndicate written off	7,500.00	—
Loss on sale of bonds	559.00	—
	<u>\$144,192.91</u>	<u>\$108,976.60</u>
LESS: Profit on sale of investments	2,374.56	—
BALANCE AT DEBIT — April 30	<u>\$141,818.35</u>	<u>\$108,976.60</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED APRIL 30, 1969

(With comparative figures for the year ended April 30, 1968)

	1969	1968
SOURCE OF FUNDS		
Sale of listed shares	\$ 34,701.76	\$ 14,343.68
Sale of capital stock	501,370.00	195,000.00
	<u>\$536,071.76</u>	<u>\$209,343.68</u>
APPLICATION OF FUNDS		
Acquisition of mining properties	\$ 24,746.69	\$ 1,357.00
Purchase of listed shares	59,487.72	9,842.00
Purchase of fixed assets	—	400.00
Investment in shares of Interprovincial Helicopters Limited	20,000.00	—
Exploration and development, including head office and administrative expenses	72,538.51	86,719.97
Loss on sale of bond	559.00	—
	<u>\$177,331.92</u>	<u>\$ 98,318.97</u>
INCREASE IN WORKING CAPITAL	<u>\$358,739.84</u>	<u>\$111,024.71</u>
WORKING CAPITAL, BEGINNING OF YEAR	158,122.27	47,097.56
WORKING CAPITAL, END OF YEAR	<u>\$516,862.11</u>	<u>\$158,122.27</u>

GOLDRAY MINES LIMITED

STATEMENT OF EXPLORATION AND DEVELOPMENT INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED APRIL 30, 1969

(With comparative figures for the year ended April 30, 1968)

EXPLORATION AND DEVELOPMENT	1969	1968
PROVINCE OF ONTARIO		
James Bay Lowlands Project expenditures	\$38,021.72	\$64,671.61
Blind River Area electromagnetic survey	—	2,794.00
Taxes and licenses	1,247.90	896.68
Wages	300.00	300.00
Engineering and consulting fees	729.00	1,875.00
Insurance	200.00	200.00
Red Lake Area diamond drilling	2,276.48	—
Hearst Area — air survey	3,187.70	—
PROJECT SASKATCHEWAN — MANITOBA	—	4,726.70
VIRGIN RIVER PROJECT		
Taxes and licenses	2,829.25	—
YUKON PROPERTY OPTION		
Electromagnetic survey, bulldozing, shipping and field supplies	—	4,939.63
QUEBEC AREA		
Air survey	—	598.24
EASTMAIN PROJECT		
Electromagnetic and magnetometer survey	12,590.00	—
OUTSIDE GENERAL EXPLORATIONS	4,959.28	—
	<u>\$66,341.33</u>	<u>\$81,001.86</u>
LESS: Rentals received	491.07	460.75
	<u>\$65,850.26</u>	<u>\$80,541.11</u>
HEAD OFFICE AND ADMINISTRATION		
Legal and audit	\$ 5,663.99	\$ 4,181.60
Printing and shareholders' information	3,329.53	1,314.05
Office salaries	3,020.96	2,720.01
Office rent	2,100.00	2,100.00
Administrative salary	2,000.00	2,000.00
Transfer agent's fees and expenses	1,987.43	1,384.11
Directors' fees	1,400.00	1,450.00
Taxes and filing fees	1,347.94	531.15
Office supplies and expense	1,335.19	1,763.15
Telephone and telegraph	903.02	985.85
Travelling expense	840.61	775.00
Interest and bank charges	83.86	253.37
Canada pension plan expense	—	72.00
	<u>\$24,012.53</u>	<u>\$19,530.29</u>
LESS: Interest income	\$13,047.28	\$ 9,140.43
Dividend income	4,277.00	4,211.00
	<u>\$17,324.28</u>	<u>\$13,351.43</u>
	<u>\$ 6,688.25</u>	<u>\$ 6,178.86</u>
TOTAL EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES	<u>\$72,538.51</u>	<u>\$86,719.97</u>

GOLDRAY MINES LIMITED

CAPITALIZATION

	Authorized	Issued
Common Shares	5,000,000	3,009,931

OFFICERS AND DIRECTORS

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DIRECTORS

K. B. ANDRAS	Toronto, Ontario
MURRAY AXMITH	Toronto, Ontario
W. NOEL O'BRIEN	Toronto, Ontario
WALTER R. PACKMAN	Port Credit, Ontario
B. E. WILLOUGHBY	Toronto, Ontario

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OFFICERS

MURRAY AXMITH	President
K. B. ANDRAS	Vice-President
WALTER R. PACKMAN	Secretary-Treasurer

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TRANSFER AGENTS

Guaranty Trust Company of Canada

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EXECUTIVE OFFICES

Suite 202, 220 Bay St., Toronto

**INTERIM STATEMENT OF EXPLORATION
AND DEVELOPMENT INCLUDING HEAD
OFFICE AND ADMINISTRATIVE EXPENSES**

For the Six Month Period Ended October 31, 1969
(With comparative figures for the six month period
ended October 31, 1968)

Exploration and Development	<u>1969</u>	<u>1968</u>
Taxes and licenses	\$	372.42
Insurance		160.00
James Bay Lowlands		
Project expenditures	\$20,757.59	15,408.53
Red Lake Area —		
diamond drilling		2,276.48
Hearst Area —		
air survey		2,625.10
Virgin River Project	22,642.82	
expenditures		
Eastmain River Project	4,196.43	
expenditures		

General Exploration ..	<u>3,064.77</u>	<u>3,531.78</u>
Less: Rentals received	<u>\$50,661.61</u>	<u>\$24,374.31</u>
	<u>\$50,661.61</u>	<u>43.00</u>
		<u>\$24,331.31</u>

Head Office		
Administration		
Office salaries	\$ 1,671.67	\$ 1,547.62
Office rent	1,232.35	1,050.00
Legal and audit	1,629.00	923.99
Directors' fees	700.00	650.00
Telephone	401.21	373.61
Office supplies and		
expenses	360.96	474.19
Transfer agents' fees		
and expenses	786.74	631.42
Printing and share-		
holders' information	1,487.31	1,232.46
Taxes and filing fees .	162.66	475.70
Administrative salaries		
and expenses	4,000.00	
Canada pension		
expenses	57.60	
	<u>\$12,489.50</u>	<u>\$ 7,358.99</u>

Less: Interest income .	<u>\$17,252.02</u>	<u>\$ 4,400.63</u>
Dividend income	2,644.56	2,378.00
	<u>\$19,896.58</u>	<u>\$ 6,778.63</u>

Total Head Office and		
Administrative	<u>\$ (7,407.08)</u>	<u>\$ 580.36</u>

Total Exploration,		
Development and Ad-		
ministrative Expenses .	<u>\$43,254.53</u>	<u>\$24,911.67</u>

**INTERIM STATEMENT OF SOURCE AND
APPLICATION OF FUNDS**

For the Six Month Period Ended October 31, 1969
(With comparative figures for the six month period
ended October 31, 1968)

Source of Funds	<u>1969</u>	<u>1968</u>
Sale of listed shares	\$ 8,023.75	\$ 2,655.25
Application of Funds		
Acquisition of min-		
ing claims and		
properties	\$ 2,941.65	—
Investment in shares		
of another limited	—	\$ 20,000.00
company		
Exploration and de-		
velopment,		
including head		
office and admin-		
istrative expenses	43,254.53	24,911.67
	<u>\$ 46,196.18</u>	<u>\$ 44,911.67</u>
Increase (Decrease) in		
Working Capital ..	<u>\$(38,172.43)</u>	<u>\$(42,256.42)</u>
Working Capital —		
beginning of period .	516,862.11	158,122.27
Working Capital —		
end of period	<u>\$478,689.68</u>	<u>\$115,865.85</u>

GOLDRAY MINES

LIMITED

Suite 202 - 220 Bay Street
Toronto, Ontario

Six Month Report
FOR THE SIX MONTH PERIOD ENDED
OCTOBER 31, 1969

GOLDRAY MINES LIMITED

REPORT TO THE SHAREHOLDERS

**For the Six Month Period Ended
October 31, 1969**

TO THE SHAREHOLDER:

We present herewith the unaudited Statement of Exploration and Development including Head Office Expenses and the Source and Application of Funds for the six month period ended October 31, 1969 with comparative figures for the same period of 1968.

Columbium Deposit — James Bay Lowlands

Concentrates from the bulk sample were made available to potential consumers, and its acceptance by the industry was most favourable. The detailed feasibility study and cost estimate, for the production of 5,000,000 lbs. per year of Cb_2O_5 in the form of high grade concentrates, has been received. This study has been reviewed, based on availability and growth of markets, current economic conditions and recent tax reform proposals, all of which dictate that a production decision on this property be delayed until such time that a larger scale operation is justified.

Goldray has participated along with Imperial Oil Enterprises Ltd., Consolidated Morrison Explorations Ltd., and Argor Explorations in an exploration program to assess anomalies covered by a new exploratory license. Nothing of ore grade or of economic significance has been intersected in the drilling of four anomalies to date, however, results have encouraged further work in the area, which is being scheduled for early in the new year.

Northern Saskatchewan and Manitoba

The second phase of the venture with Denison Mines Limited, Roman Corporation Limited, Atlantic Richfield, International Mining and your Company (Project SAM) is now being completed. The results to date are being evaluated and a program is being recommended for the third phase. It is expected that it will consist of further ground follow-up as well as a drill program over a number of untested base metal targets.

The first phase of the Pinehouse project on the southern extension of the Wollaston structure which was farmed out to Philips Petroleum by the original participants, Denison Mines Limited, Roman Corporation Limited, Black Hawk Mining Limited and Goldray has been completed. An exploration program for the first part of the second phase is in the course of preparation which will consist mainly of diamond drilling and some ground follow-up. Upon approval by the participants it is expected that this work will get underway early in the new year.

The results of the airborne survey over the three permits (Virgin River Project) held jointly by Roman Corporation, Vespar Mines Limited, Canadian Nisto Mines Limited and your Company has indicated a number of base metal and uranium anomalies. A ground follow-up program is being recommended to further evaluate these anomalies and to establish suitable drill targets.

Northwest Territories — Padlei Trend

The prospecting permit which your Company, Roman Corporation Limited and Lakehead Mines Limited acquired in this area has been farmed out to Atlantic Richfield Company. The arrangement has been agreed to in principle and the formal agreements are being prepared for signature. In the meantime an airborne radio-metric survey has been flown as well as some geological reconnaissance work completed. The data is now being processed and preliminary results indicate that further work will be justified.

Blind River Area — Ontario

The hole being drilled by Morrison Nuclear on the claims held by your Company has been suspended over freeze up at a depth of 4,300'. This hole was stopped either in a diabase dike or sill, and a decision to continue drilling or otherwise, depends on information from a hole being drilled some $3\frac{1}{2}$ miles south, by Consolidated Morrison and others. Morrison Nuclear by virtue of having spent \$75,000.00 now owns a 50% interest in the property.

Eastmain River Area — Quebec

Ground work and prospecting conducted on three optioned groups held jointly with Canadian Nisto Mines Limited did not justify further work and the options were allowed to lapse.

A work program on the main group of 1360 claims in the area held jointly by Roman Corporation, Canadian Nisto Mines Limited and your Company has been deferred until the next season and will be determined somewhat by the results obtained by the three major mining companies working to the east of the group. One hole drilled on the group to the east showed encouraging copper values.

New Venture

Goldray is participating in an airborne geo-physical survey and may acquire ground in this area which is considered favourable for base metal deposits.

On behalf of the Board of Directors.

M. AXMITH,
President.

Toronto, Ontario.
December 9, 1969.